

KEYS TO VEHICLE LEASING

Under the federal Consumer Leasing Act, you, the consumer, have a right to information about the costs and terms of a vehicle lease. This information will help you compare lease offers and negotiate a lease that best fits your needs, budget, and driving patterns.

This consumer guide is for a closed-end lease, the most common type of vehicle lease. With a closed-end lease, you may return the vehicle at the end of the lease term, pay any end-of-lease costs, and walk away.

Leasing is different from buying. Here's how . . .

OWNERSHIP

LEASING	BUYING
You do not own the vehicle. You get to use it but must return it at the end of the lease unless you choose to buy it.	You own the vehicle and get to keep it at the end of the financing term.

UP-FRONT COSTS

LEASING	BUYING
Up-front costs may include the first month's payment, a refundable security deposit, a capitalized cost reduction (like a down payment), taxes, registration, and other fees, and other charges.	Up-front costs include the cash price or a down payment, taxes, registration and other fees, and other charges. Monthly payments.

BUYING

LEASING	BUYING
Monthly lease payments are usually lower than monthly loan payments because you are paying only for the vehicle's depreciation during the lease term, plus rent charges (like interest), taxes, and fees.	Monthly loan payments are usually higher than monthly lease payments because you are paying for the entire purchase price of the vehicle, plus interest and other finance charges, taxes, and fees.

EARLY TERMINATION

LEASING	BUYING
You are responsible for any early termination charges if you end the lease early.	You are responsible for any pay-off amount if you end the loan early.

VEHICLE RETURN

LEASING	BUYING
You may return the vehicle at lease end, pay any end-of-lease costs, and "walk away."	You may have to sell or trade the vehicle when you decide you want a different vehicle.

FUTURE VALUE

LEASING	BUYING
The lessor has the risk of the future market value of the vehicle.	You have the risk of the vehicle's market value when you trade or sell it.

MILEAGE

LEASING	BUYING
Most leases limit the number of miles you may drive (often 12,000-15,000 per year). You can negotiate a higher mileage limit and pay a higher monthly payment. You will likely have to pay charges for exceeding those limits if you return the vehicle.	You may drive as many miles as you want, but higher mileage will lower the vehicle's trade-in or resale value.

CONSIDER BEGINNING, MIDDLE, AND END-OF-LEASE COSTS

At the beginning of the lease, you may have to pay your first monthly payment; a refundable security deposit or your last monthly payment; other fees for licenses, registration, and title; a capitalized cost reduction (like a down payment); an acquisition fee (also called a processing or assignment fee); freight or destination charges; and state or local taxes.

During the lease, you will have to pay your monthly payment; any additional taxes not included in the payment such as sales, use, and personal property taxes; insurance premiums; ongoing maintenance costs; and any fees for late payment. You'll also have to pay for safety and emissions inspections and any traffic tickets. If you end your lease early, you may have to pay substantial early termination charges.

At the end of the lease, if you don't buy the vehicle, you may have to pay a disposition fee and charges for excess miles and excess wear.

YOU CAN COMPARE DIFFERENT LEASE OFFERS AND NEGOTIATE SOME TERMS.

Consider . . .

- ✓ the agreed-upon value of the vehicle--a lower value can reduce your monthly payment
- ✓ up-front payments, including the capitalized cost reduction
- ✓ the length of the lease
- ✓ the monthly lease payment
- ✓ any end-of-lease fees and charges
- ✓ the mileage allowed and per-mile charges for excess miles
- ✓ the option to purchase either at lease end or earlier
- ✓ whether your lease includes "gap" coverage, which protects you if the vehicle is stolen or totaled in an accident.
- ✓ ask for alternatives to advertised specials and other lease offerings.

KNOW YOUR RIGHTS AND RESPONSIBILITIES

When you lease a vehicle, you have the right to:

- ✓ use it for an agreed-upon number of months and miles
- ✓ turn it in at lease end, pay any end-of-lease fees and charges, and "walk away"
- ✓ buy the vehicle if you have a purchase option
- ✓ take advantage of any warranties, recalls, or other services that apply to the vehicle.

You may be responsible for...

Excess mileage charges when you return the vehicle. Your lease agreement will tell you how many miles you can drive before you must pay for extra miles and how much the per-mile charge will be.

Excess wear charges when you return the vehicle. The standards for excess wear, such as for body damage or worn tires, are in your lease agreement.

Substantial payments if you end the lease early. The earlier you end the lease, the greater these charges are likely to be.



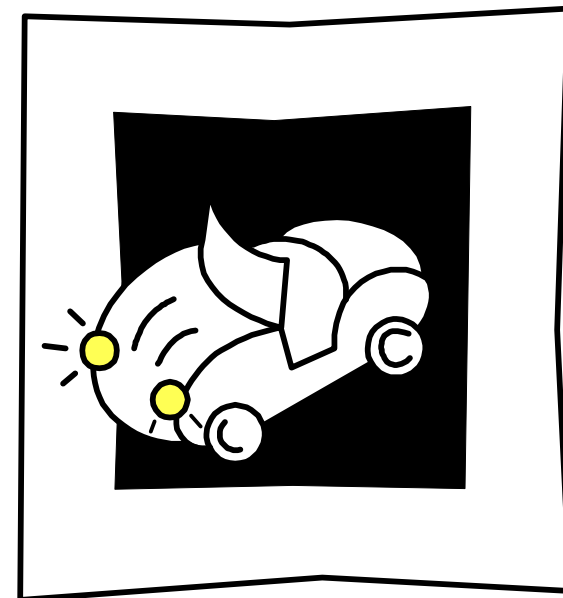
The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

- Answers to Credit Problems
- Applying for Credit
- At Home Shopping Rights
- Bankruptcy Facts
- Buried in Debt
- Car Financing Scams
- Charge Card Fraud
- Choosing A Credit Card
- Co-Signing
- Credit and Divorce
- Credit and Older Consumers
- Deep in Debt?
- Equal Credit Opportunity
- Fair Credit Reporting
- Fair Debt Collection
- Gold Cards
- Hang up on Fraud
- High Rate Mortgages
- Home Equity Credit Lines
- How to Avoid Bankruptcy
- Indiana Uniform Consumer Credit Code
- Look Before you Lease
- Mortgage Loans
- Repossession
- Reverse Mortgage Loans
- Rule of 78s – What is it?
- Scoring for Credit
- Shopping for Credit
- Using Credit Cards
- Variable Rate Credit
- What is a Budget?
- What is the DFI?

Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information. You can also access information at our web site on the Internet: <http://www.dfi.state.in.us>, then click on Consumer Credit.



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